

COMMUNITY EMPLOYMENT CO-OPERATIVES

I N

V I C T O R I A

B R I E F

T O

THE LEADER OF THE OPPOSITION

PARLIAMENT OF VICTORIA

THROUGH

SHADOW MINISTER FOR ECONOMIC DEVELOPMENT

PRESENTED BY

THE CO-OPERATIVE FEDERATION OF VICTORIA

G.P.O. Box 5211 AA,
MELBOURNE, 3001.

30th July, 1981

C O N T E N T S

1. Representation from The Co-operative Federation of Victoria
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R E P R E S E N T A T I O N

FROM

THE CO-OPERATIVE FEDERATION OF VICTORIA

TO MEET

SHADOW MINISTER FOR ECONOMIC DEVELOPMENT

30TH JULY 1981

Mr. C. Dichiera

Mr. C. Dichiera

- Chairman, Ballarat Employment Co-operative

Mr. A. Gill

- Work Co-operatives Councillor,
Co-operative Federation of Victoria

Mr. W. W. Rawlinson

- Executive Officer,
Co-operative Federation of Victoria

THE CO-OPERATIVE FEDERATION OF VICTORIA

AND

THE COMMUNITY EMPLOYMENT CO-OPERATIVES

The Co-operative Federation of Victoria, which is affiliated to the Co-operative Federation of Australia, is a voluntarily funded organisation which provides services for its members who are engaged in a variety of business activities throughout Victoria.

Its current membership includes Agricultural, Trading, Housing, Insurance and Credit Co-operatives. Recently it has also included Community Employment Co-operatives under its umbrella. There are at present six of these Co-operatives who are members of the Federation and they hold one seat on the Federation's Council.

A copy of the Co-operative Federation's Annual Report, 30th June 1981, is appended for information.

Community Employment Co-operatives have grown as a response to unemployment. They recognise the needs of unemployed persons who are often unemployed due to factors beyond their control. Being unemployed can lead to a number of problems - lack of meaningful things to occupy time, lack of money, difficulty in learning job skills relevant to the individual, lack of involvement with people and the support gained through work and the workplace. The overall effect on the individual can be a downward spiral with a growing 'anti-feeling'.

Community Employment Co-operatives, due to their structure, provide a less authoritarian approach which can attract people with an 'anti-feeling'. These Co-operatives aim to centre around viable self-sufficient business enterprises and, therefore, provide work and income for the individuals. Teaching of skills related to the job, often involving community resources, is of central importance, "work related education". The co-operative structure

invites involvement from the individual worker through which the person can learn a great deal about his or herself and also the community around. Support from the group and the community means that there is a concern for each individual beyond the pay cheque, e.g., possibly housing needs of members; considerations of mental, physical and emotional health. The Co-operatives aim for financial viability with the benefits of their harvest largely staying within the group and the local community rather than profits to outside shareholders. One of the major assets of this type of organisation is the possibility of harnessing group energy. The advantages of these Co-operatives can also be extended, beyond the benefits to the community and those unemployed, to many other workplaces. Therefore, a mixture of skilled employed persons and unemployed persons can occur.

In Victoria there are nine Community Employment Co-operatives registered under the Co-operation Act 1958 and five others are working towards incorporation. Two Co-operatives have been established in Maryborough, one involved in the manufacture of chamois leather goods and the other in the manufacture of bicycles, concentrating on bicycles for special purposes. The Loch Ard Co-operative in Warrnambool operates a retail outlet for its producer members and also a recycling operation in conjunction with the Warrnambool Council. In Brunswick a Co-operative encompasses a number of activities including printing, silkscreen work, fruit and vegetable marketing and live theatre. The Box Hill Workforce Co-operative manufactures products involving metal work in construction of products such as barbecues and notice board stands.

Government Programme

The economic and social usefulness of the Community Employment Co-operatives has been given recognition by a wide range of organisations including direct involvement by the community. At the "Work for Tomorrow" conference in November 1978, the Hon. Premier, Mr. Hamer, pledged his Government's support.

Since that time the Victorian Employment Committee has been developing means of support which has culminated in the Co-operative Development Programme announced by Mr. Dixon, Minister for Employment & Training, on 26th April 1981 indicating an overall commitment of \$715,000 to the end of 1981/82 with a further two years support to follow. This assistance recognises that outside resources are required to assist Community Employment Co-operatives get past the initial setting up period given the involvement of relatively unskilled persons without capital of their own. The assistance is short-term and its application is concentrated on practical aspects. A Community Employment Development Adviser with accounting and business skills has been funded by the Programme and appointed as an employee of the Federation of Victoria to provide, together with other contracted professional services (e.g. marketing), the much needed business advice to groups and also to ensure the proper accountability of Government funds. Money under the programme is available for capital purchases, liquidity funds and personnel. Currently this is by way of grant but hopefully a longer-term loan system will be established. The programme is by way of an experiment to test the viability of Community Employment Co-operatives to become, over time, self-sufficient enterprises with emphasis on employment and training.

Continuance of Programme

Those Co-operatives which have been in existence for the last few years will gladly accept the support of the sort offered by the Co-operative Development Programme or any other source so that the slow crawl suffered due to the lack of initial funds and business experience can be overcome. The present support programme for these initial co-operatives is for three years. Once these initial co-operatives are self-sufficient, new ones will require attention, the problem of unemployment showing no signs of abating. Therefore, the question of support is an ongoing one. The Community Employment Co-operatives are, therefore, looking for continued support.

S U B M I S S I O N

The Brief above is a submission from the Community Employment Co-operatives Group to the Leader of the Opposition in the Victoria Parliament with the firm request that consideration be given to formally accepting the concept of Community Employment Co-operatives and supporting their continuing development.

R E P O R T

OF

THE CO-OPERATIVE FEDERATION OF VICTORIA

FOR

THE YEAR ENDED 30TH JUNE, 1981

1. INTRODUCTION

Active promotion of Federation policies by the Council and Staff has been directed towards Victorian Co-operatives, Government and general public. It is pleasing to report that membership has increased substantially during the year, a sign that Victorian Co-operatives are prepared to support the case for a strong independent Federation that has been developed in recent years.

No other organisation is equipped to represent the wide range of existing Co-operatives or to strive for the future development of these vital and democratic structures in our modern society.

2. COUNCIL

At the 1980 Annual General Meeting the Constitution of the Federation was amended by deleting the requirement for Councillors to be nominees of specified industries and substituting the membership of the Council of 10 to comprise:

- 1 ex officio nominee of the Co-operative Advisory Council
- 3 industry Councillors - 1 representing Producer Co-operatives
 - 1 representing Trading Co-operatives
 - 1 representing Credit Co-operatives
- 6 general Councillors

Council met ten times during the year.

At the Annual General Meeting Mr. Max Rundle retired as President after four years in that office and was succeeded by Mr. Niel Black.

During the year two Councillors, Messrs. I. A. Wood and K. D. Currey resigned and were succeeded by Messrs. Foster and Plant respectively. Mr. N. Harvey representing the Federation of Co-operative Housing Societies resigned during the year.

Mr. A. Gill was nominated by the Community Employment Co-operatives to the Council and took his seat at the February meeting.

At the close of the year the Council and Office Bearers comprised:

<u>Office</u>	<u>Name</u>	<u>Co-operative Industry</u>
President	Mr. J. N. Black	Herd Improvement
Vice President	Mr. O. J. Slattery	Fertiliser Manufacturer
Councillors	Mr. A. Dash	Consumer Credit
	Mr. P. W. Foster	Dairy Manufacturing
	Mr. A. Gill	Community Employment
	Mr. E. J. Long	Co-operative Advisory Council
	Mr. B. H. MacIntosh	Consumer Trading
	Mr. A. Plant	Insurance
	Mr. M. Rundle	Office Management
Hon. Treasurer	Mr. J. F. Rigby	
Executive Officer	Mr. W. W. Rawlinson	
Auditors	Thompson Douglass & Co.	

3. FINANCIAL

The agreement with the Co-operative Federation of Australia, whereby joint use is made of secretariat facilities and services of the Executive Officer on a contributing cost basis continued during the year.

With the exception of two members, all subscriptions due were paid.

In the latter part of the year an agreement was entered into with the Ministry of Employment and Training as part of the Government of Victoria's Community Employment Co-operatives Development Programme for a senior appointment of Adviser to these Co-operatives to be made to the staff of the Federation.

By prudent control of expenditure, the year's operation has resulted in a small surplus of income over expenditure. This, however, does not represent a true situation of the financial activities of the Federation, as the costs for the Executive Officer are largely subsidised by the Co-operative Federation of Australia. With the correct allocation of costs the result of the operations would be reversed.

Copies of the financial statements are issued to members and are available for other interested parties on request.

4. PERSONNEL

At the end of the financial year Mr. Brian Greer, B.Com., LL.B., A.A.S.A. was appointed to the position of Adviser, Community Employment Co-operatives.

In the Australia Day Honours the Order of Australia was awarded to Mr. E. G. Pullen, Managing Director, Phosphate Co-operative Company of Australia Ltd. and to Mr. J. J. Maguire recently re-appointed Managing Director, Murray Goulburn Co-operative Company Ltd.

5. OFFICE PREMISES

At the beginning of the year the Federation's office was transferred to 225 Swanston Street, Melbourne located in a city branch office of Security Co-operative Permanent Building Society.

The Council records its appreciation to the Board and Management of Security Co-operative Permanent Building Society for this assistance.

6. MEMBERSHIP

Membership increased by over 50% during the year. Whilst this is encouraging there is still a very great need for realisation by many Victorian Co-operatives of the benefits that membership of the Federation can provide.

One member, The Federation of Co-operative Housing Societies, resigned during the year.

Three financial members ceased trading and disposed of their assets during the year.

At the close of the year negotiations had been satisfactorily concluded with the Herd Improvement Organisation of Victoria for membership on a group payment basis of 8 Herd Improvement Co-operatives and 9 A.B. Co-operatives. This is in addition to the increase mentioned above. These Co-operatives have not been included in the membership as at 30th June 1981.

7. EDUCATION AND TRAINING

Two successful programmes of training for Co-operative Directors were held during the year.

A successful residential workshop was organised by the Federation for Community Employment Co-operatives. This was held at the School of Mines College of Advanced Education in Ballarat under the sponsorship of the Ministry of Employment and Training.

To keep abreast of the Co-operative developments overseas useful discussions were held between some members of the Council and the Vice President of Land o' Lakes Co-operative - a major U.S.A. Dairy Co-operative.

8. MEMBER RELATIONS

A well attended and informative meeting, organised by the Federation, was held in Mildura in the early part of the year under review.

A representative group of Trading Co-operatives met and exchanged knowledge and experience during the year and follow-up meetings are planned.

Senior financial administrators of major member Co-operatives met in the Federation office with a representative of Co-operative Federation of New South Wales to discuss the procedures and implications of a centralised banking scheme for Victorian Co-operatives.

Six group meetings of Community Employment Co-operatives and interested parties had been organised in different localities during the year as part of the development programme for these newer type Co-operatives.

Following the last regional meeting organised by the Federation in Bendigo, Co-operatives in that region have formed an informal group called the Central Victorian Regional Association of Co-operatives.

9. GOVERNMENT RELATIONS

Federation deputations have been received by:

The Premier

The Minister administering the Co-operation Act

The Minister for Agriculture

The Minister for Employment & Training

Following discussions with the Commissioner for Corporate Affairs confirming correspondence has been exchanged with -

The Attorney General

The Premier

This deputation included the Executive Officer and representatives of Community Employment Co-operatives to discuss Government delays in implementing policies relating to development of this type of Co-operative. The meeting resulted in a subsequent announcement of the Government's Community Employment Co-operative Development Programme referred to elsewhere in this report.

The Minister administering the Co-operation Act

Following the appointment of the new Minister to this office a Federation deputation comprising the President, the Co-operative Advisory Council Member on the Federation Council and the Executive Officer met Mr. Kennett. Matters discussed included:

The proposals for a new Co-operation Act

Establishment of a specific Ministry for Co-operatives

Upgrading of the Co-operative Registry
Functions of the Co-operative Advisory Council
Establishment of an Advisory Officer appointment for
Employment Co-operatives
Amending legislation to cater for the special needs of
Employment Co-operatives

The Minister for Agriculture

This deputation comprised the President, Vice President and Executive Officer and discussed matters pertaining to:

The prejudicial effect on basic Co-operative operations of any legislation that would vest any primary produce in an organisation interposed between the primary producer and his marketing Co-operative.

The benefits of increased attention being given to inclusion in agricultural college curriculae of the role of Co-operatives as an alternative structure available for primary producers to produce, process and market their products.

The Minister for Employment & Training

These discussions concerned the acceptance of and procedures for implementing the Federation's involvement and assistance to Government in its Community Employment Co-operative Development Programme.

10. LEGISLATION

Co-operation Act

One result of action by this Federation to the Registrar and the Minister on proposals for a new Co-operation Act was agreement by the Government to release the draft proposals for public scrutiny and comment. Several proposals were made by members to the Federation which, together with those developed by the Federation's Legislative Committee were collated and submitted to the Registrar. Following requests from the Federation, the Registrar subsequently received the Legislative Committee to enable a frank exchange of views on matters raised.

The dangers of applying whole sections of the Companies Act to the formation and operation of Co-operatives, large and small, were stressed as were the acceptance of a need for Co-operatives to conform to prudent business practices in the best interests of their members and their communities.

Matters specifically requested in the new legislation included:

Statutory provision for the incorporation of a Federation

Restricted use of the word "Co-operative" in a business
name or title

Persons over school age and under the age of 18 may be members

Provision for members to share in the effects of inflation on
the value of assets not acquired for resale by authorising
the issue of bonus shares out of profits realised by such
re-valuation.

Provision for indexation of the maximum rate of dividends
that may be paid on share capital

Deletion of the proposal to require Co-operatives to issue
prospectuses in certain circumstances

Removal of a specified maximum number of Directors

Extension of time for holding of annual general meetings from
three to four months after the close of the financial year

Provision for exemptions in certain cases from the proposed
sophisticated audit requirements

The Companies Act

In response to a submission by the Federation, the Attorney General confirmed that Sections 5(1), 17(7) and 374(14) of the Companies Act 1961 of Victoria will be included in the new uniform companies legislation. These sections relate to:

Definition of a Co-operative Company

Membership of a Co-operative holding company

Offer of shares in a Co-operative company

11. COMMUNITY EMPLOYMENT CO-OPERATIVES DEVELOPMENT PROGRAMME

As reported above, following submissions from this Federation and its Employment Co-operative members, meetings with the Premier, the Minister for Employment and Training and departmental officers, the Victorian Government announced its programme to implement its declared policies relating to development of Co-operatives as part of its Job Creation Scheme in relief of unemployment. \$700,000 has been allocated for the period April 1981 to June 1982 as part of a 3 year programme to assist in funding under certain conditions. One of the conditions is constant evaluation of the programme.

The programme provides for the employment by the Federation, funded from the

programme of a senior Adviser to assist groups in the formation of Co-operatives, identifying their needs as business enterprises, as well as establishing appropriate administrative and financial systems in these Co-operatives.

At the invitation of the Minister, three Federation nominees have been appointed to the Funding Committee responsible for considering and submitting recommendations to the Minister on applications for funding assistance from Employment Co-operatives.

This positive programme of the State Government has now placed the onus for acceptance of responsibility for sound development on the Community Employment Co-operatives, this Federation and the community.

12. THE CO-OPERATIVE FEDERATION OF AUSTRALIA

As indicated earlier, membership of the national body continued throughout the year. Our State representatives on the national council were Messrs. J. N. Black (with alternate O. J. Slattery) and B. H. Macintosh (with alternate E. J. Long). The Council met three times during the year whilst specialist committees have met for discussions with the Australian Federation of Credit Union Leagues and to consider proposals for a national co-operative fleet vehicle purchase scheme. The latter proposals have not met with the necessary support.

13. CO-OPERATIVE FARMERS AND GRAZIERS DIRECT MEAT SUPPLY

Although this Co-operative did not accept an invitation to affiliate with the Federation, the situation in which it eventually found itself, the reaction by Government in the area of the very stringent controls proposed in the new Co-operation Act arising from the Chernow Report, the long period of adverse publicity and the cumulative effect on its members and the community were of as great a concern to the Council and members of the Federation as if it had been one of the members.

It is considered certain basic facts affecting the position which tend to be overlooked need to be emphasised.

Co-operatives, like other types of businesses, are subject to failure from normal commercial reasons such as market conditions. Failures should be less likely in a Co-operative whose structure conforms to the basic Co-operative principles of democratic control, of one member one vote with the Board of Directors elected by the membership and professional management appointed by the Board.

To remove this democratic process of direct representation of all members, which safeguards their individual rights, is to cease operating as a Co-operative and control is transferred from members to those responsible for such abrogation of Co-operative Principles.

This was the situation of Co-operative Farmers & Graziers Direct Meat Supply.

Imposing whole sections of the Companies Act on to Co-operatives will not solve such a situation. Enforcement of adherence to the basic principles

of Co-operation which are currently written into the Co-operation Act are more likely to provide much greater protection for Co-operative members and their communities.

14. CONCLUSION

As mentioned in para 3 above, the Federation's Executive Officer is funded by the Co-operative Federation of Australia and his time is shared by this Federation and the national body. The active programme for the past year, reported above, has only been possible with the generous allowance of excess time by the Co-operative Federation of Australia to this Federation.

A prototype scheme of superannuation for members as self-employed persons has been developed by one member Co-operative. This matter of a co-ordinated retirement scheme for staff and members as a Federation service is one listed for attention by the Federation in its list of priorities within the constraints of its resources.

We look forward to the increased involvement and support of all Victorian Co-operatives to enable this Federation, as the only expert professional Co-operative service of its type in the State, to develop to its full potential.

COOPERATIVE FEDERATION OF VICTORIA

MEMBERS AT JUNE 1981

Abalone Fishermen's Cooperative Ltd.
Australian Footwear Retailers Cooperative Ltd.
- Ballarat Employment Cooperative Ltd.
Bendigo Trading Cooperative Ltd.
Broadford Cooperative Hotel Ltd.
- Brunswick Work Cooperative Ltd.
Cann River Transport Operators' Cooperative Ltd.
- Community Work Society Cooperative Ltd.
Cooperative Insurance Company of Australia (Victoria) Limited
Edenhope Cooperative Society Limited
Emerald & District Cooperative Society Ltd.
Gippsland Tip Truck Hiring Cooperative Ltd.
Herd Improvement Organisation of Victoria
Ibis Milk Products Ltd.
Jojoba Cooperative Society Limited
Lakes Entrance Fishermen's Cooperative Society Limited
- Loch Ard Producers Cooperative Ltd.
- Maryborough Bootstrap Trading Cooperative Ltd.
Maryborough Energy Research Foundation Cooperative Ltd.
- Maryborough Producers and Recycling Cooperative Ltd.
- Melbourne Access Video & Media Cooperative Ltd.
Morwell Cooperative Limited
Murray Goulburn Cooperative Company Ltd.
Murrabit Advancement Cooperative Limited
Numurkah East Goulburn H.I. Cooperative Ltd.
Phosphate Cooperative Company of Australia Ltd.
Robinvale Producers Cooperative Ltd.
Security Land Cooperative Ltd.
Security Management Cooperative Limited
Terang & District Cooperative Ltd.
The Mid-Murray Producers Cooperative Ltd.
The North Eastern Cooperative Society Ltd.
Thorpdale Cooperative Limited
Trans National Hauliers Cooperative Ltd.
Victorian A.B. Cooperative Society Limited
Victorian Credit Cooperative Association Limited

Victorian Producers Cooperative Company Ltd.

Warrnambool Cooperative Society Ltd.

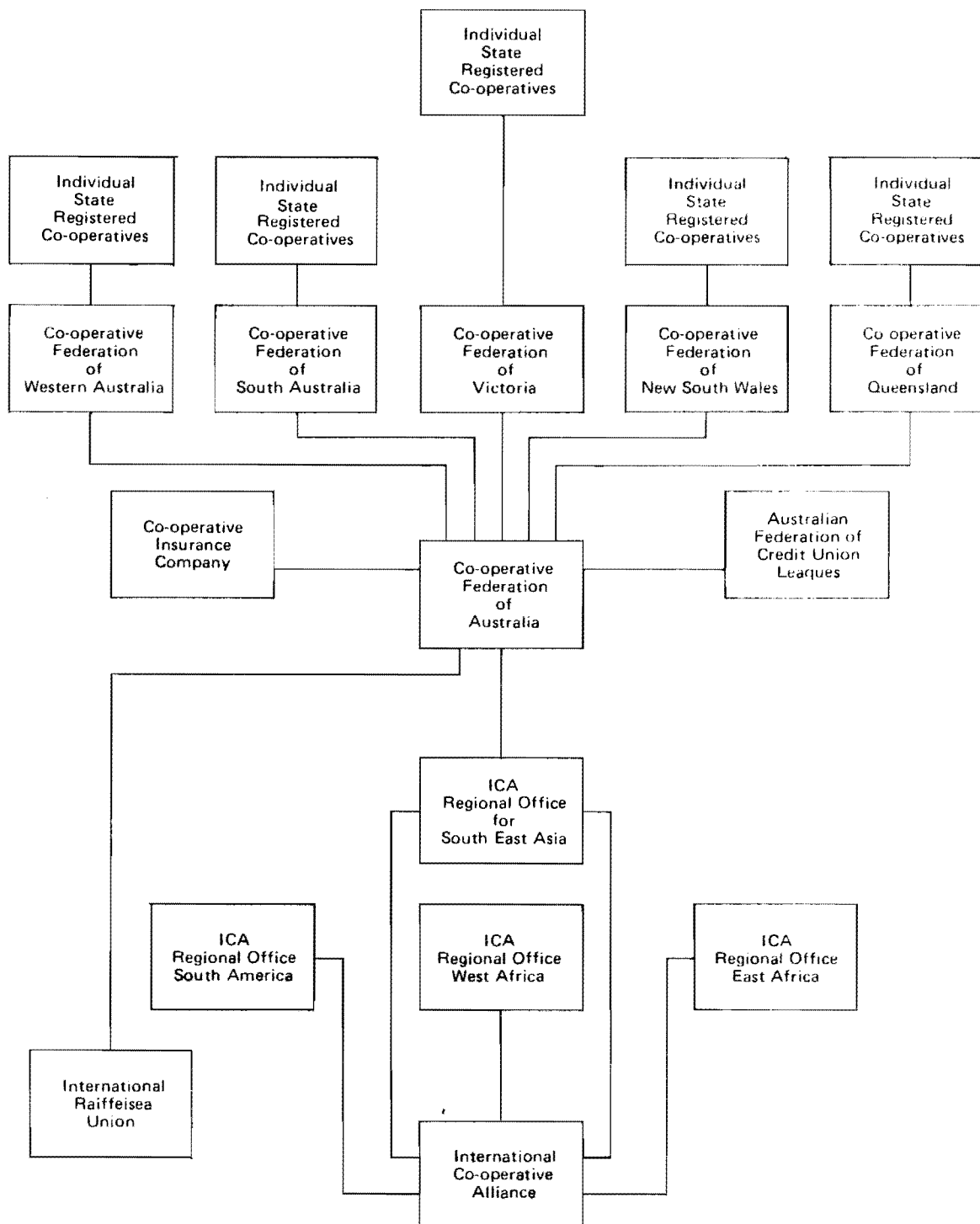
Waverley Trading Cooperative Limited

Yarrawonga & District Rural Cooperative Society Ltd.

Yinnar Community Hotel Cooperative Limited

Y.C.W. Cooperative Society Limited

YOU – YOUR CO-OPERATIVE – THE CO-OPERATIVE WORLD



**VICTORIA
AUSTRALIA**

INTERNATIONAL CO-OPERATIVE ALLIANCE

64 COUNTRIES

3,400 CO-OPERATIVES

9,950 CO-OPERATIVES

742,000 CO-OPERATIVES

500,000 MEMBERS

2,700,000 MEMBERS

355,000,000 MEMBERS

EMBARGO 3.00 p.m. SUNDAY, 26 APRIL 1981

CO-OPERATIVE DEVELOPMENT PROGRAM

Community employment co-operatives with the potential to become business enterprises will be eligible for government funding under a major employment scheme announced today.

Announcing the Co-operative Development Program, the Minister for Employment and Training, Mr. Brian Dixon, said that the government would allocate \$105,000 to the project in 1980/81, and a further \$610,000 in 1981/82.

These funds will be made available to provide a business framework and infrastructure for the co-operatives and to fund individual co-operatives which demonstrate the potential to become self-sufficient business enterprises.

"Under the Program a co-operative adviser and contracted business advisers will be employed to provide business advice and services to the co-operatives," Mr. Dixon said.

He said that additional funds of \$86,850 had already been approved for five community employment co-operatives - two in Maryborough and one each in Box Hill, Warrnambool and Brunswick.

The Ministry has submissions from other groups and these will be assessed within the next few weeks.

"A Funding Committee will be established with representatives from the Ministry of Employment and Training, the Department of Labour and Industry, the Registry of Co-operatives and the Co-operative Federation of Victoria," Mr. Dixon said.

"Many local communities are looking towards the co-operatives as an innovative and effective response to unemployment, and this program will provide the necessary encouragement and support," he said.

"The program will assist problems often encountered by co-operatives such as undercapitalization, a lack of access to finance, and a lack of access to management skills."

"Our research has demonstrated that co-operatives are a viable means of creating permanent employment opportunities."

Mr. Dixon said that the Program and the individual co-operatives would be monitored on an ongoing basis and evaluated over the first 12 months.

It is envisaged that funding will only be available for three years from the inception of the program.

The Ministry will also publish a series of co-operative and small business guide books, "Getting Started", "Alternative Legal Forms and Procedures", "Getting Finance", and "In Business".

A Discussion Paper on community co-operative programs and employment will also be prepared.